

## **Current Market Outlook**

**Domestic Weekly Price Scenario:** Cotton spot markets witnessed easy tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5893 per quintal compared to the previous week price of Rs.5939 per quintal. Average price of Lint at Sirsa during the week was Rs. 4548 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4581. Cotton fiber (Shankar-6) prices noticed weak tone this week. Average price was Rs 42380 per candy (of 355.6 kg each) during the week, which was Rs 42767 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 1059.00 per maund (of 20 kg each) which was Rs 1022.50 a week earlier.

**Cotton Price Outlook (For Coming Week):** In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 5500-6000 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4300-4600 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 1025-1100 per maund (of 20 kg each).

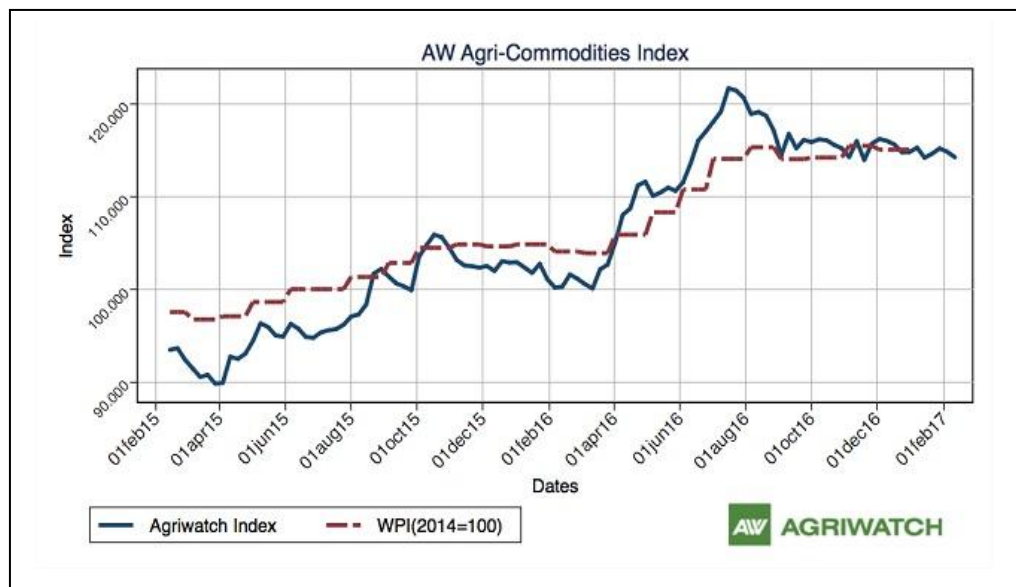
**Major Market Highlights:** The Cotton Association of India (CAI), has maintained the crop estimate for 2016-17 at 341 lakh bales of 170 kg. each in its latest estimates for January. Consumption is expected to increase marginally to 295 lakh bales compared to previous estimate of 290 lakh bales amid good demand from the textiles sector. Total arrivals of cotton in the country as on January 31, 2017 is reported at to be 157.75 lakh bales. The projected balance sheet drawn by the CAI estimated total supply for cotton season 2016-17 at 405 lakh bales. Considering the domestic consumption of 295 lakh bales as stated above, the total available surplus for the season is estimated at 110 lakh bales. The imports are estimated to decline by 3 lakh bales to 19 lakh bales from 22 lakh bales previous year.

India's cotton imports have increased by 20% from the beginning of the season since October 2016 amid lower supply in the domestic market due to demonetization. According to sources at Indian Cotton Federation, traders and mills had contracted made contracts for imports of 7 lakh bales in the first five months of the cotton year since October 2016. At the harvest of the new crop cotton prices were around Rs.38,000 per candy and currently prices are at around Rs.43,000 per candy.

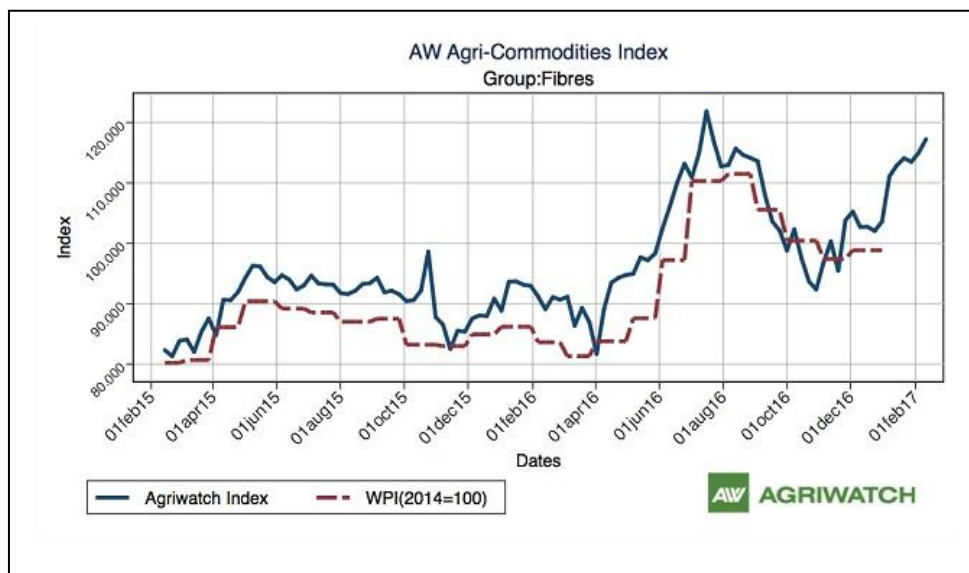
The government is likely to gradually reduce the royalty for Bt cotton seeds gradually to zero in the coming years. According to official sources at agriculture ministry, there is another 10% reduction in royalty value, which was reduced to 70% a year ago. The royalty value has been just 6% of the pan-India ceiling price of Rs.800 (about \$12) per packet for the seed. About 83% of the country's cotton area of 10.2 million hectares (in the 2016-17 season) was under Bt variety. The country's cotton production has increased since the introduction of Bt seeds — from 13.6 million bales in 2002-03 to a projected 32.12 million bales in 2016-17.

## AW Cotton Index – 12 Feb. 2017

The Agriwatch Agri Commodities Index fell 0.50% to 114.27 during the week ended Feb 11, 2017 from 114.85 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.94% week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## Domestic Cotton Prices Scenario

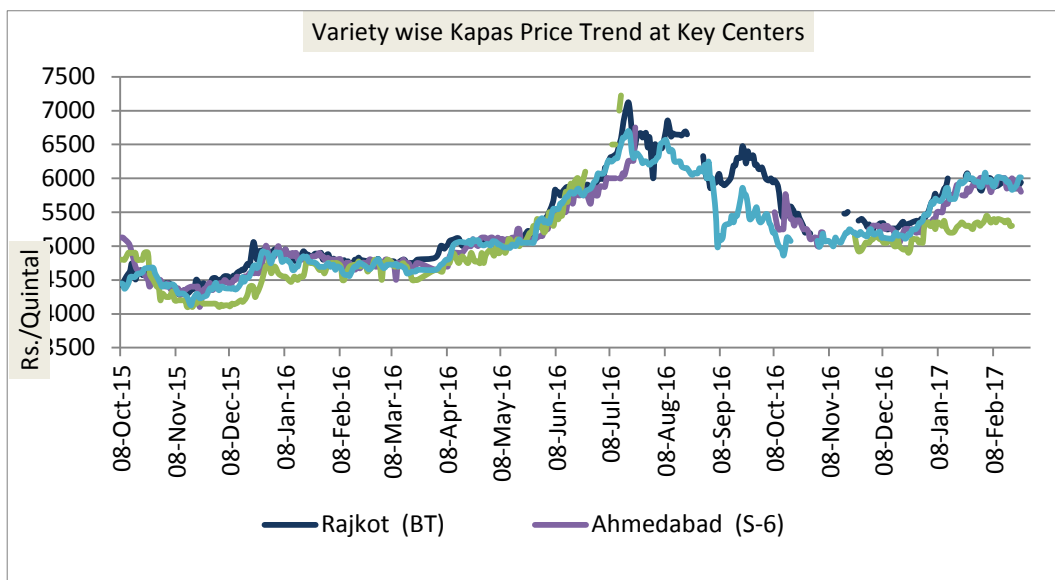
### Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week amid good demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5893 per quintal compared to the previous week price of Rs. 5939 per quintal.

According to latest report of USDA attaché, report, India's 2016/17 cotton production

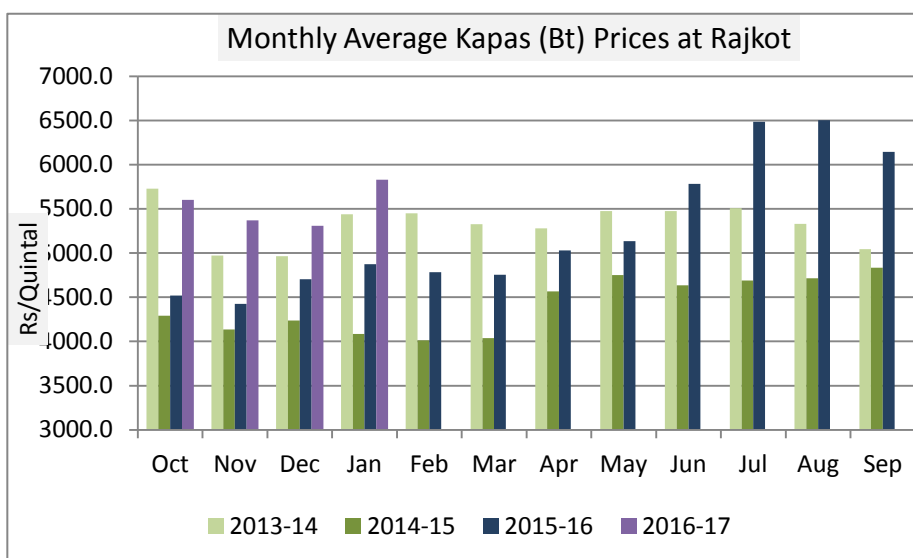
forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5500-6000 per quintal for the coming week.



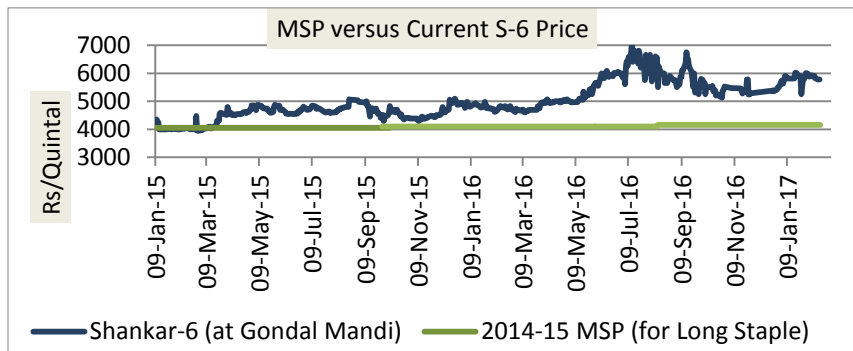
### Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed firm momentum during the month of January following new crop arrival in the market. The cotton price remained weak during January compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



### Spot Price versus MSP

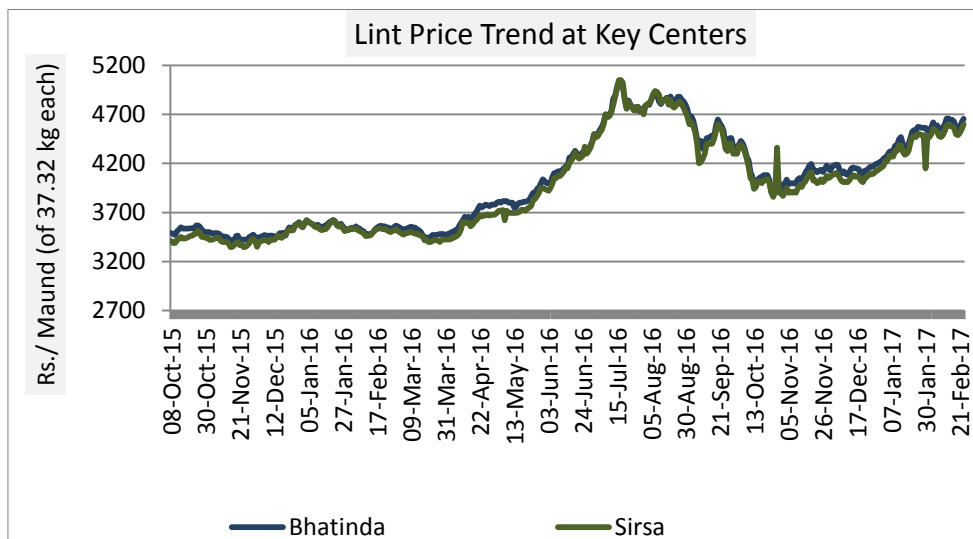
The Kapas prices are ruling above the MSP so far. The gap between the two prices has narrowed this week. The average gap between the prices was Rs.1663.75 this week compared to Rs.1750 a week earlier. This indicates prices are declining.



### Lint (De-Seeded Cotton) Weekly Price Scenario

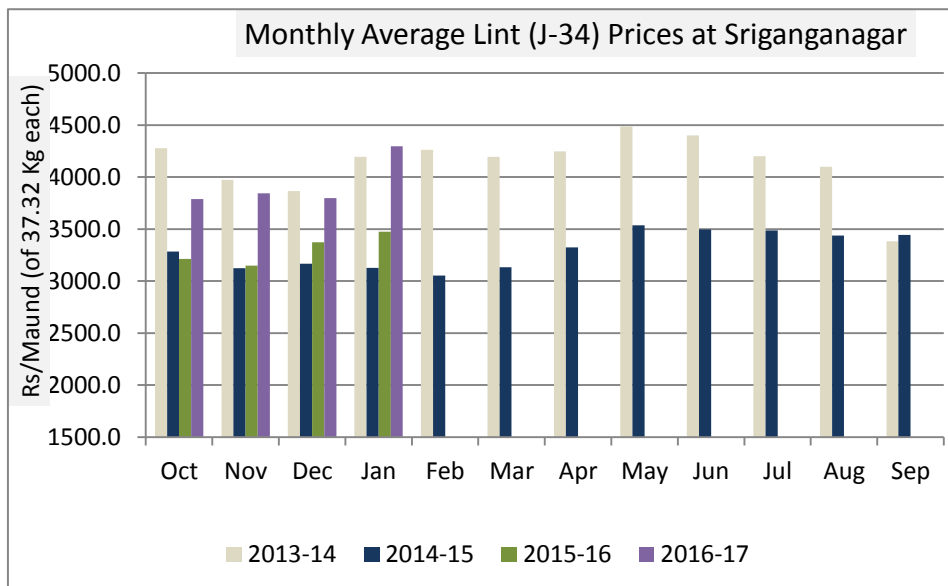
**Weekly Price Review:** Lint prices remained weak during the week owing to mixed tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4548 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4581 per maund.

**Weekly Price Outlook:** Lint prices are expected to remain range bound to firm during the week. We expect Lint at Sirsa to remain in the range of Rs. 4300-4600 per maund.



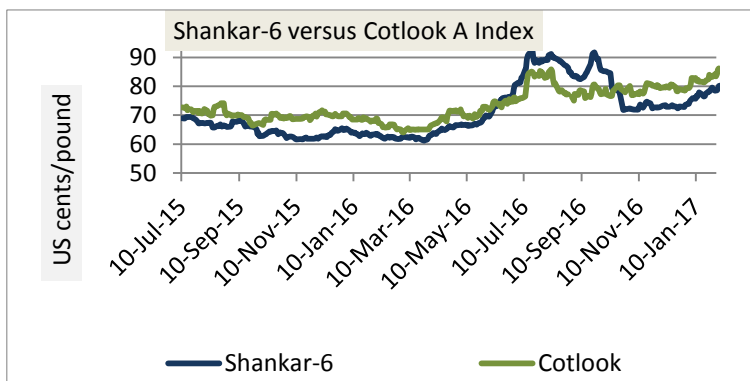
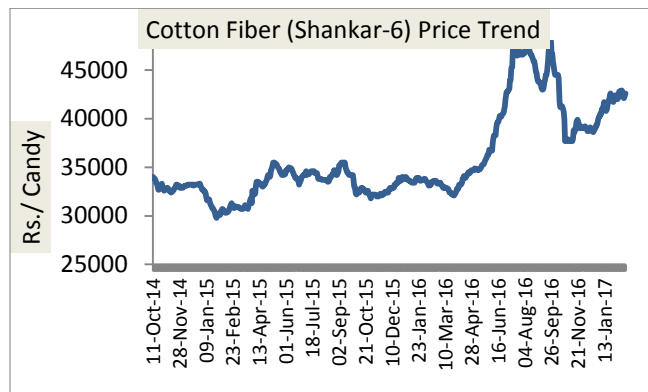
### Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in January was Rs.4298/Qtl compared to Rs.3797/Qtl in December.



## Cotton Fiber Weekly Price Scenario

Following upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42380 per candy (of 355.6 kg each) compared to Rs. 42767 per candy in the previous week.

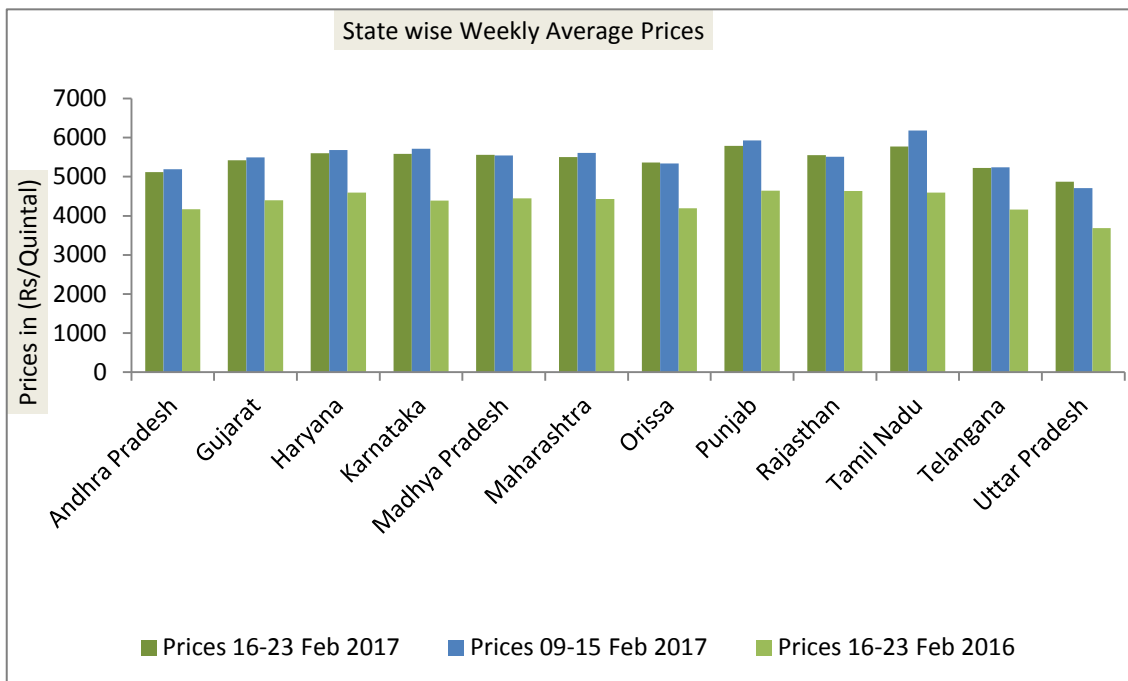


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 84.37 cents/pound, Indian weekly average price stood at 80.73 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 per candy.

## State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Punjab followed by Tamil Nadu this week and lowest was in Uttar Pradesh followed by Andhra Pradesh. On year on year basis, cotton prices are reflecting uptrend in all of the States. Prices have been summarized in the table given in annexure.



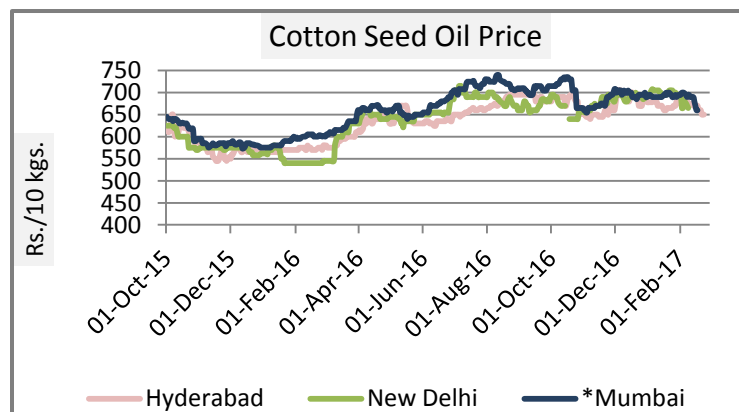
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 670 per 10 Kg, higher compared to the weekly average price of Rs 696 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	23-Feb-17	16-Feb-17	
New Delhi	670	696	-3.74
Rajkot	674	689	-2.15
Hyderabad	657	671	-2.14
Mumbai*	675	695	-2.88

\*Vat Included

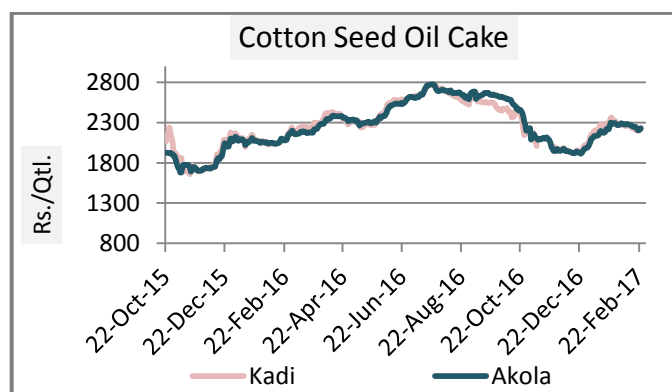


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price witnessed easy tone during the week. Weekly average price in Akola remained Rs 2225 per quintal, higher compared to the weekly average price of Rs 2261 per quintal in the previous week.

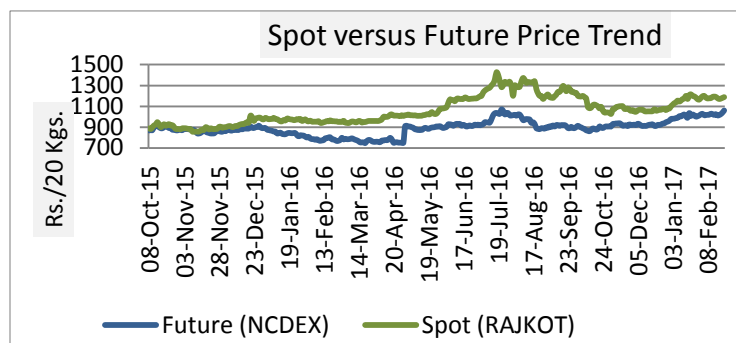
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	23-Feb-17	16-Feb-17	
Kadi	2218	2244	-1.17
Akola	2225	2261	-1.60

\*Source: NCDEX



### Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'17) closed at Rs. 1059.00 as on 23 Feb 2017, compared to 1022.50 a week earlier. The gap between the spot and future prices has decreased. Average gap between the spot and future price during the week was Rs.148.60 which was Rs 164.80 a week earlier.



### Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



#### Weekly Technical Outlook:

- Kapas prices noticed firm tone during the week.
- RSI is increasing in the overbought zone.
- MACD signal line and center line denotes bullish crossover.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	1025-1100

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1050	1020	1100	1130
Figures in Rs/20 Kg			



## International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 84.37 cents/pound this week, which was 85.95 cents/pound during last week.

**Major Market Highlights:** Burkina Faso, a small West African country phases out Bt Cotton from the country. Losses increased during the years as cost of production went up with the introduction of Bt Cotton. Bt Cotton was introduced in the country in 2003 and adopted quickly and widely. Within a decade around 70% of the planted area was under Bt Cotton. The government decided to phase out Bt Cotton in 2015 amid rising cost of production, lower yields and increasing tolerance to pesticides and completely done away with Bt Cotton currently.

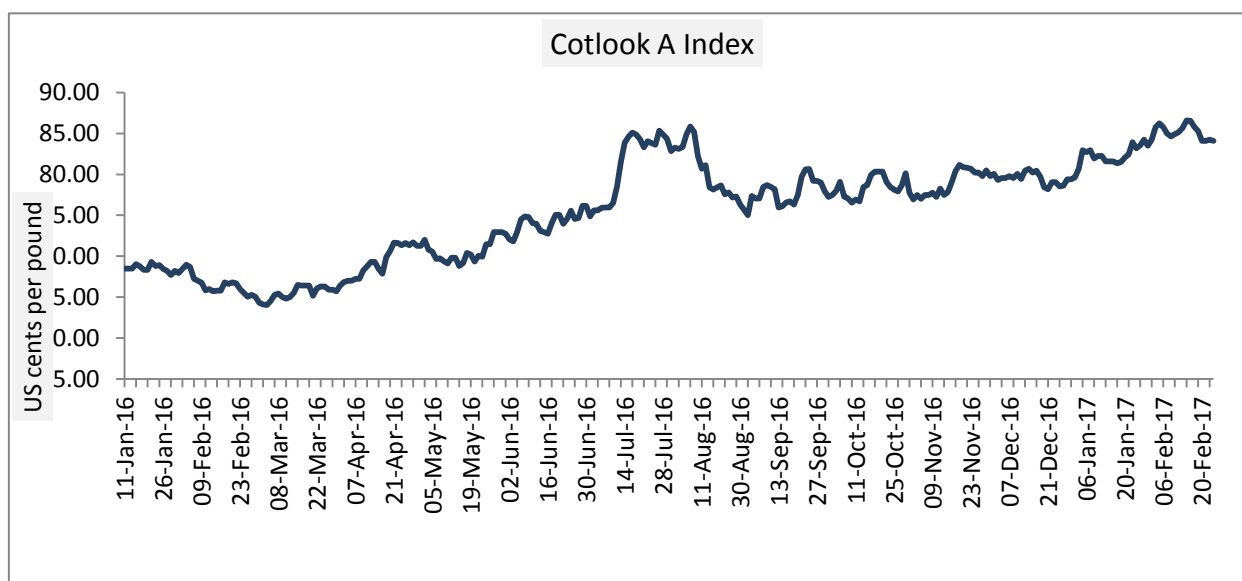
Egypt's cotton exports increased by 63.9 per cent during the first quarter of the planting season of 2016/17 according to data released by the Central Agency for Public Mobilisation and Statistics (CAPMAS). Egypt's cotton exports during the period September –November 2016 was reported at 202,500 bales compared to 123,600 bales in the same corresponding period previous year.

According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 105.42 million bales, around 9.28 per cent above last season. World ending stocks are now projected higher at 89.90 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates and India's crop is estimated 2.27 per cent above 2015/16.

### Cotlook A Index

Cotlook A index remained range bound to weak during the week.

Global cotton consumption is likely to be around 24.33 million tons in season 2016-17, which was



estimated to be around 24.39 million tons a month earlier. In the earlier estimates by USDA, consumption was expected to rise and cotton consumption would be standing at around 0.6% higher compared to the previous season.

Cotlook A Index	Weekly Average Price as on		% Change
	23-Feb-17	16-Feb-17	
Prices	84.37	85.95	-1.8
Prices in US cents per Pound			



## China Cotton Index and Foreign Cotton Index

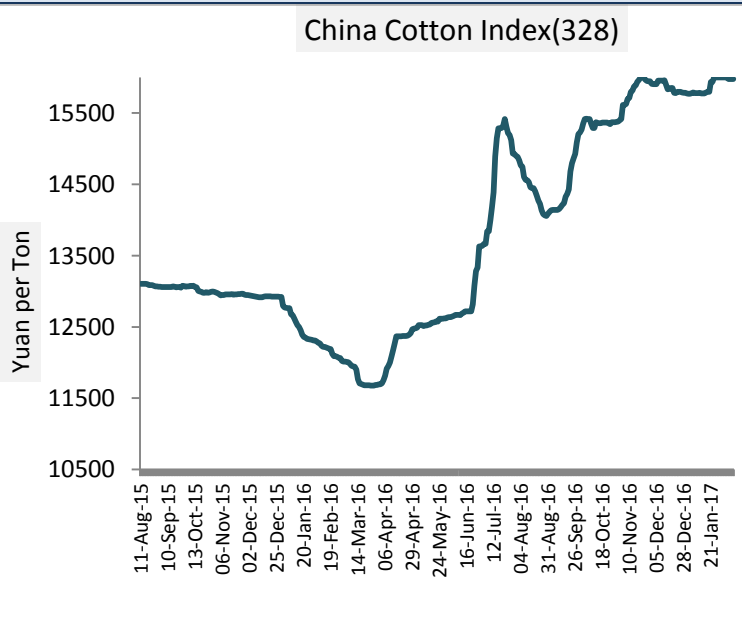
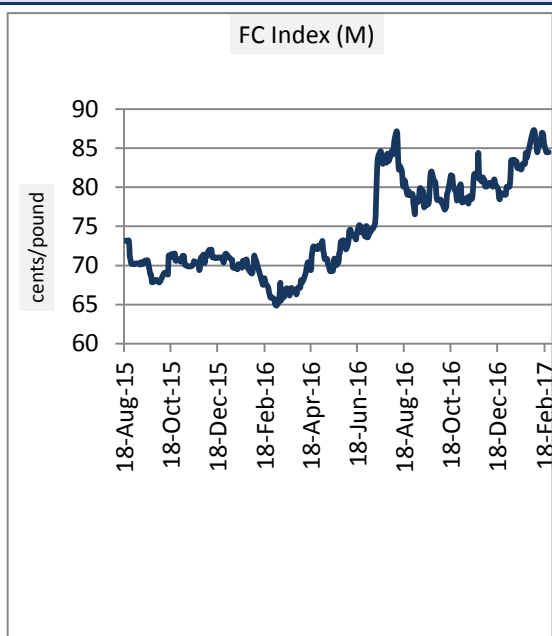
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by [www.yarnsandfibers.com](http://www.yarnsandfibers.com) (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	23-Feb-17	16-Feb-17	
FC (S)	87.42	88.89	-1.65
FC (M)	84.70	86.37	-1.94
FC (L)	82.99	84.85	-2.19
Prices in US cents per Pound			

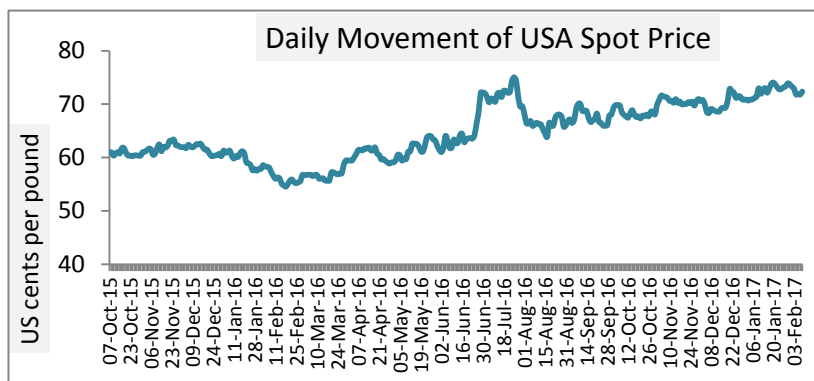
China Index remained weak during the week. CC Index (328) remained 15031 Yuan per ton during the week. Average was 15035 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	23-Feb-17	16-Feb-17	
CCIndex(229)	15981	16000	-0.12
CCIndex(328)	15031	15035	-0.03
CCIndex(527)	16399	16422	-0.14
Prices in Yuan per ton			



## USA Spot Prices

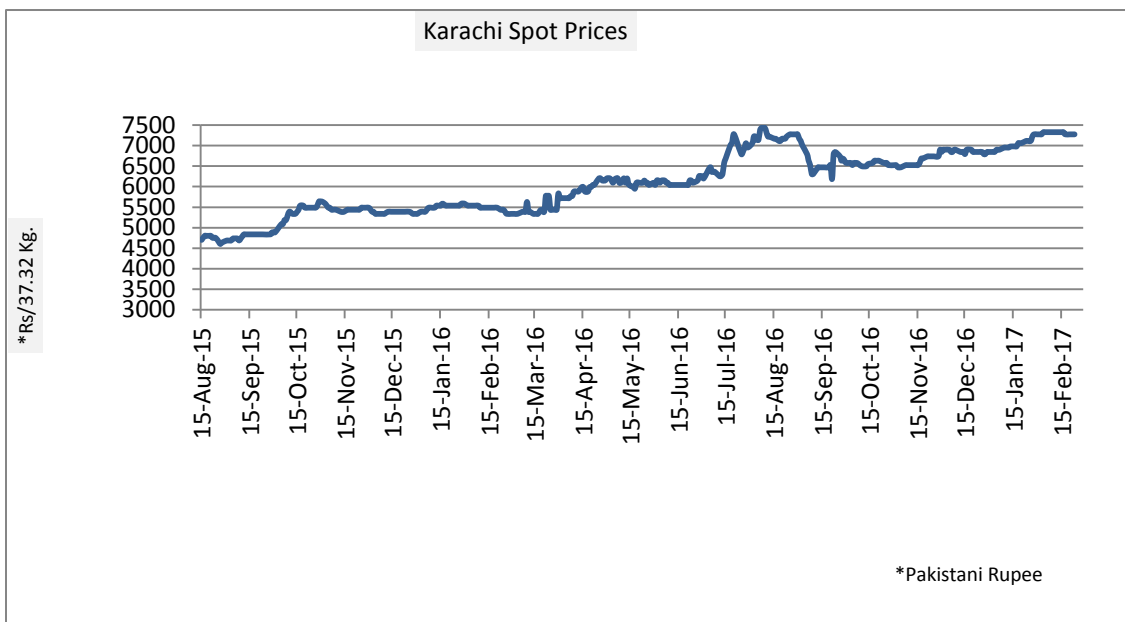
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	23-Feb-17	16-Feb-17	
Prices	71.99	73.46	-2.00
Prices in US cents per Pound			

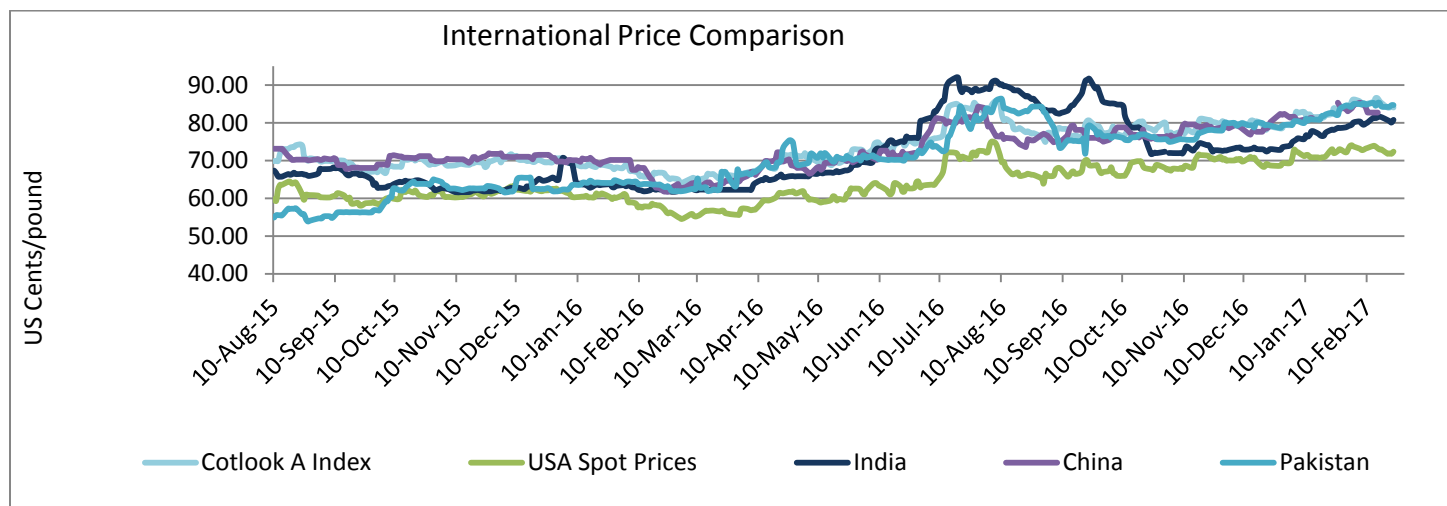
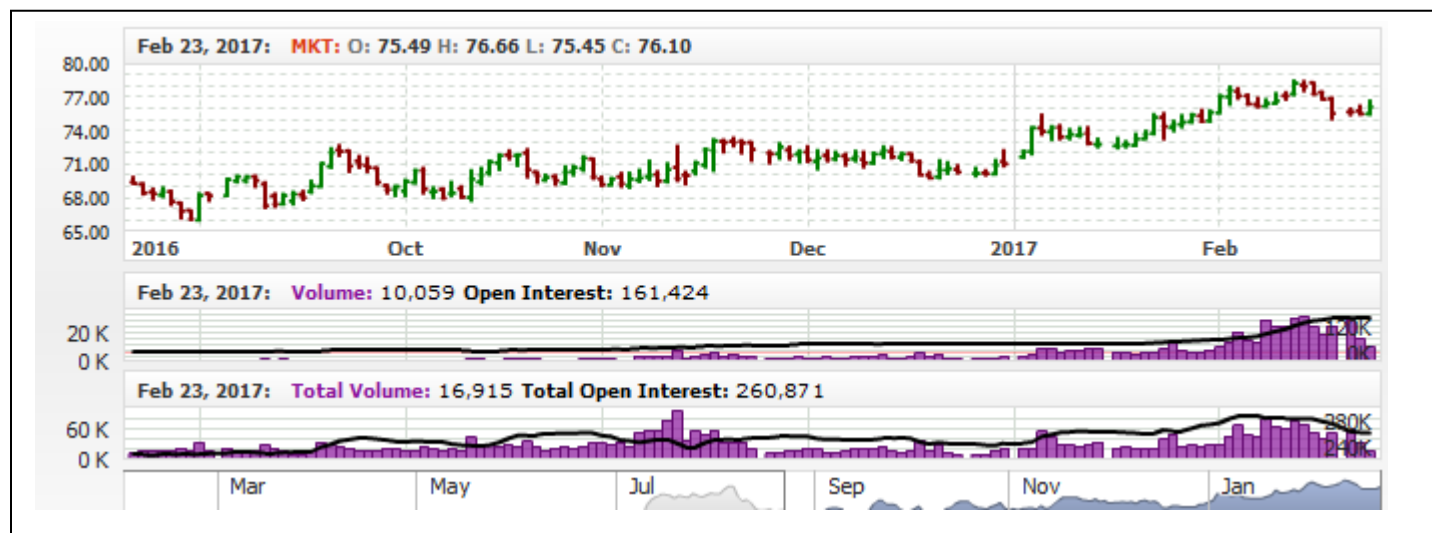
## Pakistan Spot Prices

Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton



arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	23-Feb-17	16-Feb-17	
Prices	7272	7325	-0.72
Prices in Rs per 37.32 Kg			

**International Price Comparison**

**Technical Analysis of Cotton Future (May'17 Contract) at ICE**

**Weekly Technical Outlook:**

- Candlesticks denote weak tone in the prices.
- Volume and Open Interest are declining.
- We expect cotton prices to remain range bound to weak.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	75.00-80.00

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
73.50	72.00	78.00	80.00

Figures in US cents/pound

**Cotton Future Prices at ICE**

Contracts	23-Feb	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	75.02	75.01	74.63	59.10	0.01	0.52	26.94
May-17	76.10	76.77	75.17	NA	-0.89	1.24	NA
Jul-17	76.92	77.60	75.65	NA	-0.89	1.68	NA
Oct-17	74.02	74.08	72.73	NA	-0.08	1.77	NA
Dec-17	73.89	74.33	71.92	NA	-0.59	2.74	NA
Mar-18	74.22	74.68	71.90	NA	-0.62	3.23	NA

**Domestic Cotton Prices and Arrivals at Key Centers**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	18th to 24th Feb.17	11th to 17th Feb.17	
Gujarat	Ahmedabad	Shankar-6	5785	5880	-95
	Gondal	Shankar-6	5797	5902	-105
	Rajkot	B.T. Cotton	5893	5939	-46
	Patan	B.T. Cotton	5827	5832	-5
	Kadi	B.T. Cotton	5788	5840	-53
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5780	5811	-31
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6175	6194	-19
	Bhiwani	Desi	5517	5580	-63
	Adampur	B.T. Cotton	5956	5958	-2
	Fatehabad	B.T. Cotton	5928	5973	-45
	Jind	B.T. Cotton	6070	6120	-50
	Uchana	B.T. Cotton	5946	5994	-48
	Dabwali	B.T. Cotton	5862	5863	-1
Rajasthan	Hanumangarh	B.T. Cotton	5983	5989	-6
	Rawatsar	B.T. Cotton	5862	5950	-88
Madhya Pradesh	Khandwa	Mech-1	5713	5666	47
	Khargaon	Mech-1	5757	5807	-50
Maharashtra	Amravati	Mech-1	5333	5375	-42
	Jamner	Medium Staple	5391	5391	1
Uttar Pradesh	Hathras	B.T. Cotton	4905	4762	143
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5360	5470	-110
Andhra Pradesh	Guntur	Un-Ginned	4600	4833	-233
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5800	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5983	6085	-102
	Hubli	D.C.H.	6074	6126	-52
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5881	5943	-62
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	18th to 24th Feb.17	11th to 17th Feb.17	
Punjab	Bhatinda	J-34	4613	4647	-35
	Abohar	J-34	4615	4647	-32
	Mansa	J-34	4608	4637	-30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4548	4581	-33
Rajasthan	Sri-Ganganagar	J-34	4769	4795	-27

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	18th to 24th Feb.17	11th to 17th Feb.17	
Gujarat	Ahmedabad	Shankar-6	314500	348500	-34000
	Gondal	Shankar-6	7739	13366	-5627
	Rajkot	B.T. Cotton	25475	18575	6900
	Patan	B.T. Cotton	22709	22637	72
	Kadi	B.T. Cotton	145000	250000	-105000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3181	2774	407
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	11000	13500	-2500
	Bhiwani	Desi	450	600	-150
	Adampur	B.T. Cotton	3740	3230	510
	Fatehabad	B.T. Cotton	4450	3700	750
	Jind	B.T. Cotton	664	732	-68
	Uchana	B.T. Cotton	11090	14780	-3690

	Dabwali	B.T. Cotton	1925	2760	-835
Rajasthan	Hanumangarh	B.T. Cotton	6300	5500	800
	Rawatsar	B.T. Cotton	2200	4000	-1800
Madhya Pradesh	Khandwa	Mech-1	13100	16300	-3200
	Khargaon	Mech-1	26345	36600	-10255
Maharashtra	Amravati	Mech-1	30000	71000	-41000
	Jamner	Medium Staple	959	1275	-316
Uttar Pradesh	Hathras	B.T. Cotton	240	870	-630
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	64274	46776	17498
Andhra Pradesh	Guntur	Un-Ginned	220	345	-125
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	11760	11667	93
	Hubli	D.C.H.	140	144	-4
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	8301	6298	2003
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	18th to 24th Feb.17	11th to 17th Feb.17	
Punjab	Bhatinda	J-34	22950	25500	-2550
	Abohar	J-34	4250	5610	-1360
	Mansa	J-34	3825	4080	-255
Haryana	Sirsa	J-34	6290	5610	680
Rajasthan	Sri-Ganganagar	J-34	5448	7085	-1637

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				17th to 23th Feb.17	10th to 16th Feb.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33460	33467	-7
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34460	34467	-7
J-34(202)	26mm	3.5 - 4.9	23	42760	43200	-440
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41620	42083	-463
Shankar-6(105)	29mm	3.5 - 4.9	28	42380	42767	-387
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43440	43850	-410
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	44350	-250
DCH-32(107)	34mm	3.0 - 3.8	33	55580	55600	-20

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